

Securitization in Focus

August 2023

Asset-Backed Securities (ABS)

Auto (month-over-month) (%)

	Prime Auto ABS	Subprime Auto ABS
60+ Day Delinquencies	↑ to 0.37	↑ to 4.87
Defaults	↑ to 0.80	↑ to 10.60

Voluntary prepayment speeds slowed month over month and year over year for prime and subprime auto deals as consumers deal with back-to-school expenses and tax refunds have been expended.



Bifurcation in Consumer ABS (%)

Marketplace Lending (loans generated online) (YoY)



	Delinquencies	Defaults
	+0.70	+4.84

Consumer ABS Loans (YoY)



	Delinquencies	Defaults
	-0.23	+1.94

Credit Card (MoM)



	Delinquencies	Charge-offs
	+0.27	+0.59

Residential Mortgage-Backed Securities (RMBS)

60+ Day Delinquencies

Non-Qualified Mortgages¹



Increased to **2.2%**

Prime Mortgages

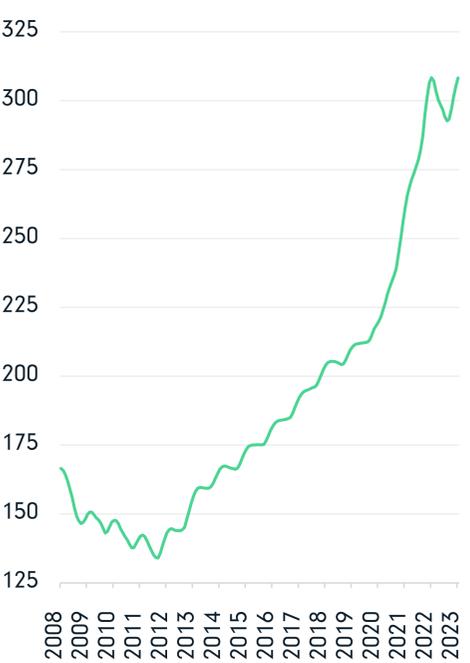


Held steady at **0.4%**

Home Prices

The S&P/Case-Shiller US National Home Price Index has returned to mid-2022 post-COVID peak, despite significant increases in mortgage rates since the Fed began this tightening cycle.

S&P/ Case-Schiller US National Home Price Index



Issuance Update

Issuance (\$B)

	ABS	CMBS	Non-Agency RMBS
2022	243	186	136
YTD 2023	171	60	41
2023 Annualized	228	81	55

Commercial Mortgage-Backed Securities (CMBS)

About the fundamentals²

	SASB	Conduit	CRE CLO
Balance (\$B)	254	362	79
Watchlist (%)	32.6	19.5	30.9
Special Servicing (%)	6.9	6.0	0.7
60+ Day Delinquencies (%)	2.7	3.2	0.6

Quality divergence

High-quality CMBS offer decent spread pick-up relative to single-A corporates in the current market.



— ICE BofA CMBS Fixed Rate AAA 7-10 Years
— ICE BofA Single-A Corporate

Hurricane Idalia impacts

- Increase in hotel and self-storage demand
- Rebuilding positive for local economy
- Spike in special servicing and delinquencies



418 CMBS loans



\$8.9B total balance



334 deals



>50% tied to multifamily



47% exposure in Tampa Bay

*Securitized deals usually have specific language around flood insurance because flood insurance is often not covered by an "all risk" policy.

Sources: Deutsche Bank, Federal Reserve Bank of St. Louis, Bloomberg.

¹Non-qualified mortgages are non-standard mortgages for borrowers who do not meet requirements of typical qualified mortgages, i.e., alternative income documentation, higher debt limits, higher down payments, etc.

²SASB – Single asset, single borrower. CRE CLO – Commercial real estate collateralized loan obligation.

Bonds rated AAA, AA, A and BBB are considered investment grade.

ICE BofA CMBS Fixed Rate AAA 7-10 Year Index measures the performance of US dollar denominated AAA-rated commercial mortgage-backed securities with a remaining term to maturity of greater than or equal to 7 years and less than 10 years in the US domestic market. ICE BofA Single-A US Corporate Index measures the performance of US dollar denominated A-rated corporate debt publicly issued in the US domestic market. S&P/Case-Shiller US National Home Price Index measures changes in the total value of all existing single-family housing stock.

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